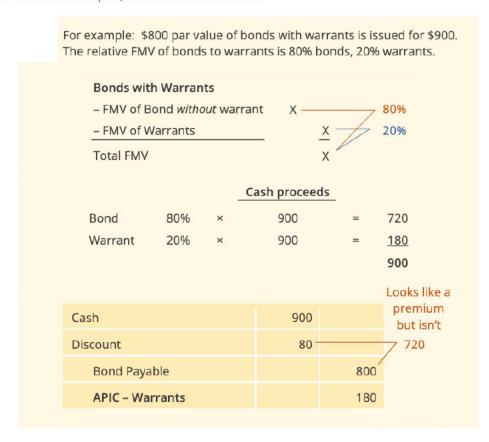
10.05 Bonds with Detachable Warrants

A warrant is a security that can be sold or exercised by the bondholder, while still keeping the bond. Since it is separable, it is as if two securities were issued, therefore a value must be given to both securities. The value for the warrant is included in APIC.

- If the FMV of both securities is known, the relative FMV approach is used.
- . If the FMV of only one security is known, the other is a plug.
- The amount for warrants is recorded in APIC-Warrants.
- If Non-detachable stock purchase warrants, no separate value is given
- · If the warrants expire, close them out into APIC.



Disclosures should be made regarding the combined aggregate amount of maturities and sinking fund requirements for all long-term-borrowings for each of the **next 5 years** and in the aggregate.